

Message Text

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60

ORIGIN OPIC-12

INFO OCT-01 EA-11 ISO-00 EB-11 /035 R

66651

DRAFTED BY: OPIC/GC:CFLIPMAN:DNW

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OPIC/F:JCULMAN

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EA/IMS:ADOORHEIM

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R 271804Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

UNCLAS STATE 061119

PASS USAID RLA CLARK

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: STAMP TAX ON FOREIGN LOANS

1. OPIC NOW CORRESPONDING WITH MKK ABOUT STAMP TAX PAYMENT REQUIRED BY GOI ON LOAN AGREEMENTS AND PROMISSORY NOTES FOR DARALON AND COCONUT PROJECTS AND WITH GAUTAMA FOR KRTP PROJECT. IN ADDITION, OPIC HAS OTHER PROJECTS WHICH MAY RAISE STAMP TAX ISSUES.

2. OPIC HAS RECENTLY BEEN ADVISED BY GAUTAMA AND MKK THAT TAX DIRECTORATE NOW CONSIDERING CIRCULAR STATING IN EFFECT THAT ALL FOREIGN PRIVATE LENDERS WHO HAVE NOT HERETOFORE PAID THE STAMP TAX (WHICH INCLUDES MANY) MAY DO SO WITHIN GRACE PERIOD TO BE ESTABLISHED. THEREAFTER PENALTY WILL APPLY.

3. OPIC UNDERSTANDS THAT STAMP TAX IS PAYABLE UPON "USE" OF LOAN AGREEMENT IN INDONESIA, INCLUDING APPROVAL BY BANK INDONESIA AND DISBURSEMENT OF LOAN AS WELL AS EXECUTION OF SECURITY DOCUMENTS AND ENFORCEMENT OF LOAN AGREEMENT. OPIC ALSO INFORMED NORMAL TAX ON LOAN AGREEMENT EQUALS ONE-HALF OF ONE PER CENT OF LOAN

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AND THAT PENALTY FOR FAILING TO PAY TAX ON TIME IS ONE-HUNDRED

TIMES REPEAT TIMES (RATHER THAN ONE-HUNDRED PER CENT) OF
ORIGINAL TAX. THUS PENALTY EQUALS FIFTY PER CENT OF TOTAL LOAN.

4. OPIC WOULD APPRECIATE ASSISTANCE BY USAID/EMBASSY IN OBTAINING
FROM TAX DIRECTORATE THE TERMS AND EXPECTED ISSUE DATE OF THIS
CIRCULAR.

5. THANK YOU AGAIN FOR ASSISTANCE. RUSH

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Message Attributes

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Disposition Event:
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